

**Kitchener-Waterloo Skating
Club**
Year - ended March 31, 2020

Contents

Enclosure Letter	1
Financial Statements	2
Correspondence	3
• Management Letter	
• Report to the Board of Directors	
Signatories	4
• Engagement Letter	
• Representation Letter	
Lead Sheet Summary/Adjusting Entries	5
Corporate Tax Return	6
NPO Information Return	7



Tel: 519 576 5220
Fax: 519 576 5471
Toll-free: 1 888 236 5482
www.bdo.ca

BDO Canada LLP
150 Caroline Street S Suite 201
Waterloo ON N2L 0A5 Canada

September 29, 2020

PRIVATE AND CONFIDENTIAL

Mrs. Debra Brown
Kitchener-Waterloo Skating Club
2001 University Avenue East
Waterloo ON N2K 4K4

Dear Debra:

Re: Kitchener-Waterloo Skating Club - March 31, 2020

We enclose the following:

Financial Statements

One bound copy and one electronic PDF copy of the financial statements as at March 31, 2020

Tax Filings

The enclosed return has been prepared on the basis of information provided to us and we request that you review it to ensure its accuracy and completeness. One copy of the return is enclosed for your records.

Combined Income Tax Return

As you have previously signed the E-File Authorization Form T183, your 2020 combined income tax return for Kitchener-Waterloo Skating Club has been electronically filed.

There is no tax payable or refund due to you.

Income Tax Instalments

Based on the taxable income declared for the year ended March 31, 2020, no instalments are required to be made for 2021.

Non-Profit Organization Information Return

One copy of the 2020 Form T1044 - Non-Profit Organization (NPO) Information Return should be signed and dated by an authorized officer of the Organization, then **mailed on or before September 30, 2020** to Jonqui re TC, T1044 Program, PO Box 1300 LCD Jonqui re, Jonqui re QC G7S 0L5.

Notices of Assessment and Reassessment

After Canada Revenue Agency has assessed the return, you will receive a "Notice of Assessment" indicating total taxes, interest charges and the amount payable or refundable. If the amount payable or refundable does not agree to the tax return, you should notify our office as soon as possible. You have 90 days from the date the Notice of Assessment is issued to challenge the assessment. After 90 days no action can be taken to correct the assessment. Please send us a copy of any income tax assessment notices you receive, so that we may advise you promptly if any action is required.



We would like to take this opportunity to thank you for allowing us to be of service. Should you have any questions or concerns regarding these or any other matters, please do not hesitate to contact our office.

Yours truly,

A handwritten signature in blue ink that reads 'CHugill'.

Cheryl P. Hugill, CPA, CA
Partner through a corporation
BDO Canada LLP
Chartered Professional Accountants, Licensed Public Accountants

/jih

Enclosures

Kitchener-Waterloo Skating Club
Financial Statements
For the year ended March 31, 2020

	Contents
Independent Auditor's Report	1 - 2
Financial Statements	
Statement of Financial Position	3
Statement of Changes in Fund Balances	4
Statement of Operations	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 14
Schedule of Administration Expenses	15



Tel: 519-576-5220
Fax: 519-576-5471
Toll-free: 1-888-236-5482
www.bdo.ca

BDO Canada LLP
150 Caroline Street S Suite 201
Waterloo ON N2L 0A5 Canada

Independent Auditor's Report

To the Members of Kitchener-Waterloo Skating Club

Opinion

We have audited the accompanying financial statements of Kitchener-Waterloo Skating Club (the "Entity"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2020, and its results of operations, changes in fund balances and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Ontario
September 23, 2020

**Kitchener-Waterloo Skating Club
Statement of Financial Position**

March 31

2020

2019

	Bursary Fund	Strategic Initiatives Fund	Operating Fund	KWSC Trust Fund	Total	Total
Assets						
Current						
Cash (Note 2)	\$ -	\$ -	\$ 282,532	\$ 101,401	\$ 383,933	\$ 482,967
Short-term investments (Note 3)	22,493	-	344,010	50,000	416,503	306,252
Accounts receivable and accrued interest (Note 4)	450	-	27,212	3,340	31,002	34,921
Prepaid expenses	-	-	4,763	-	4,763	4,613
Interfund receivable (Note 5)	-	-	67,391	(67,391)	-	-
	<u>22,943</u>	<u>-</u>	<u>725,908</u>	<u>87,350</u>	<u>836,201</u>	<u>828,753</u>
Long-term investments (Note 6)	-	-	100,000	140,000	240,000	538,250
Tangible capital assets (Note 7)	-	-	68,822	-	68,822	73,201
	<u>\$ 22,943</u>	<u>\$ -</u>	<u>\$ 894,730</u>	<u>\$ 227,350</u>	<u>\$ 1,145,023</u>	<u>\$ 1,440,204</u>
Liabilities and Fund Balances						
Current						
Accounts payable and accrued liabilities (Note 8)	\$ -	\$ -	\$ 26,486	\$ -	\$ 26,486	\$ 158,131
Due to eligible skaters (Note 9)	-	-	168,120	-	168,120	1,311
Deferred revenue	-	-	8,500	-	8,500	203,229
	<u>-</u>	<u>-</u>	<u>203,106</u>	<u>-</u>	<u>203,106</u>	<u>362,671</u>
Fund balances						
Internally restricted - invested in equipment	-	-	68,822	-	68,822	73,201
Internally restricted - other	-	-	-	227,350	227,350	408,697
Externally restricted	22,943	-	-	-	22,943	24,243
Unrestricted	-	-	622,802	-	622,802	571,392
	<u>22,943</u>	<u>-</u>	<u>691,624</u>	<u>227,350</u>	<u>941,917</u>	<u>1,077,533</u>
	<u>\$ 22,943</u>	<u>\$ -</u>	<u>\$ 894,730</u>	<u>\$ 227,350</u>	<u>\$ 1,145,023</u>	<u>\$ 1,440,204</u>

On behalf of the Board: _____ Director _____ Director

The accompanying notes are an integral part of these financial statements.

**Kitchener-Waterloo Skating Club
Statement of Changes in Fund Balances**

For the year ended March 31

2020

2019

	Bursary Fund	Strategic Initiatives Fund	Operating Fund	KWSC Trust Fund	Total	Total
Fund balances, beginning of year	\$ 24,243	\$ 25,000	\$ 644,593	\$ 383,697	\$1,077,533	\$1,222,026
Excess (deficiency) of revenue over expenses	(1,300)	(51,330)	(86,639)	3,653	(135,616)	(144,493)
Interfund transfers (Note 10)	-	26,330	133,670	(160,000)	-	-
Fund balances, end of year	\$ 22,943	\$ -	\$ 691,624	\$ 227,350	\$ 941,917	\$1,077,533

The accompanying notes are an integral part of these financial statements.

Kitchener-Waterloo Skating Club Statement of Operations

For the year ended March 31

2020

2019

	Bursary Fund	Strategic Initiatives Fund	Operating Fund	KWSC Trust Fund	Total	Total
Revenue						
Programs	\$ -	\$ 34,658	\$1,097,226	\$ -	\$1,131,884	\$ 1,088,596
Athletic Centre	-	-	52,478	-	52,478	49,968
Fundraising	-	-	16,918	-	16,918	13,249
Grants and donations (Note 11)	-	-	25,472	-	25,472	25,422
Shows, competitions and events	-	3,150	-	-	3,150	20,765
Interest	-	-	5,358	8,419	13,777	21,362
Other	-	-	46,753	-	46,753	49,403
	-	37,808	1,244,205	8,419	1,290,432	1,268,765
Expenses						
Programs	-	69,622	832,977	-	902,599	820,434
Administration (Schedule)	-	3,971	369,881	952	374,804	394,873
Fundraising	-	635	6,066	-	6,701	4,951
Shows, competitions and events	-	14,910	1,243	-	16,153	59,709
Bursaries	1,300	-	5,230	-	6,530	7,325
Athletic Centre	-	-	72,287	-	72,287	84,801
Other	-	-	39,004	-	39,004	32,150
	1,300	89,138	1,326,688	952	1,418,078	1,404,243
Excess (deficiency) of revenue over expenses before income taxes	(1,300)	(51,330)	(82,483)	7,467	(127,646)	(135,478)
Income taxes (Note 13)	-	-	4,156	3,814	7,970	9,015
Excess (deficiency) of revenue over expenses	\$ (1,300)	\$ (51,330)	\$ (86,639)	\$ 3,653	\$ (135,616)	\$ (144,493)

The accompanying notes are an integral part of these financial statements.

Kitchener-Waterloo Skating Club Statement of Cash Flows

For the year ended March 31	2020	2019
Cash flows from operating activities		
Deficiency of revenue over expenses	\$ (135,616)	\$ (144,493)
Item not involving cash		
Amortization of tangible capital assets	10,564	6,981
	(125,052)	(137,512)
Changes in non-cash working capital balances		
Accounts receivable and accrued interest	3,919	(2,121)
Prepaid expenses	(150)	1,174
Accounts payable and accrued liabilities	(131,645)	5,306
Due to eligible skaters	166,809	(175)
Deferred revenue	(194,729)	(5,460)
	(280,848)	(138,788)
Cash flows from investing activities		
Purchase of tangible capital assets	(6,185)	(52,742)
Purchase of investments	(150,000)	(255,000)
Proceeds on sale of investments	337,999	618,510
	181,814	310,768
Increase (decrease) in cash during the year	(99,034)	171,980
Cash, beginning of year	482,967	310,987
Cash, end of year	\$ 383,933	\$ 482,967

The accompanying notes are an integral part of these financial statements.

Kitchener-Waterloo Skating Club

Notes to Financial Statements

March 31, 2020

1. Summary of Significant Accounting Policies

Nature of Operations	Kitchener-Waterloo Skating Club (KWSC) was incorporated without share capital on September 28, 1938 under the laws of Ontario. The organization was established to encourage and increase interest in the art of figure skating and to provide facilities for the same.
Basis of Accounting	The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations (ASNPO).
Fund Accounting	<p>KWSC follows the restricted fund method of accounting.</p> <p>The Operating Fund accounts for the organization's program delivery and administrative activities.</p> <p>The Strategic Initiatives Fund supports activities, resources and initiatives undertaken to achieve goals set out in the strategic plan approved in 2016.</p> <p>The Bursary Fund accounts for all amounts collected and disbursed for the Carolyn Fedy Skater Development bursary and the Margaret McNeice bursary.</p> <p>The KWSC Trust Fund is governed under a separate Trust Agreement, which is administered by its own Trustees. The fund is designed to provide assets and services to members of the Club as may be necessary to teach and encourage skating within the community.</p>
Harmonized Sales Tax	The organization remits and recovers HST on revenues and expenses generated from athletic complex, ice and room rental activities.
Donated Materials and Services	Donated materials and services which would otherwise be paid for by the organization are recorded at fair market value when determinable. Volunteers contribute a significant amount of time to the organization's program and supporting services. Due to the difficulty of determining the fair value, contributed time is not recognized in the financial statements.

Kitchener-Waterloo Skating Club

Notes to Financial Statements

March 31, 2020

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition

The organization follows the restricted fund method of accounting for contributions. Restricted contributions are recognized as revenue in the appropriate fund in the year they are received. Restricted contributions, where no corresponding fund is set up, are recognized in the operating fund using the deferral method. Revenue is then recognized when the corresponding expenditure is incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Amounts received in advance are recorded as deferred revenue.

Restricted investment income is recognized as revenue in the appropriate restricted fund when earned. Unrestricted investment income is recognized as revenue when earned.

Registration income is recognized as revenue in the Operating Fund in the period in which the program takes place.

Tangible Capital Assets

Tangible capital assets are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows:

Computer equipment and software	- 30% diminishing balance basis
Fitness equipment	- 20% diminishing balance basis
Office furniture and equipment	- 20% diminishing balance basis
Leasehold improvements	- 10% straight line basis
Facility equipment	- 10% straight line basis

Amortization is prorated in the year of acquisition and no amortization is provided in the year of disposal.

Tangible capital assets are reviewed for impairment when conditions indicate that the tangible capital asset no longer contributes to the organization's ability to provide goods and services, or that the value of the future economic benefits associated with the tangible capital asset is less than its net book value.

Kitchener-Waterloo Skating Club Notes to Financial Statements

March 31, 2020

1. Summary of Significant Accounting Policies (continued)

Financial Instruments Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market are reported at fair value, with any unrealized gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in sale or circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

2. Cash

The organization's bank accounts are held at two chartered banks and earn nominal interest.

3. Short-term Investments

	Maturity Date	Interest Rate	Face Value
<u>Bursary and Operating Funds</u>			
Guaranteed Investment Certificate	May 19, 2020	2.18%	\$ 50,000
Guaranteed Investment Certificate	June 1, 2020	2.05%	203,400
Guaranteed Investment Certificate	July 8, 2020	1.75%	<u>113,103</u>
			<u>366,503</u>
 <u>KWSC Trust Fund</u>			
Guaranteed Investment Certificate	February 11, 2021	2.15%	<u>50,000</u>
			<u>\$ 416,503</u>

Prior year short-term investments included Guaranteed Investment Certificates totaling \$157,403 in the Bursary and Operating Funds and \$148,849 in the KWSC Trust Fund.

Kitchener-Waterloo Skating Club Notes to Financial Statements

March 31, 2020

4. Accounts Receivable

Accounts receivable includes a grant receivable from the City of Kitchener of \$16,422 (2019 - \$16,422) and accrued interest on investments of \$9,122 (2019 - \$13,884).

5. Interfund Receivable

Amounts due to/from Operating Fund and KWSC Trust Fund are non-interest bearing and due on demand.

6. Long-term Investments

	Maturity Date	Interest Rate	Face Value
<u>Bursary and Operating Funds</u>			
Guaranteed Investment Certificate	January 17, 2023	2.25%	<u>\$ 100,000</u>
<u>KWSC Trust Fund</u>			
Guaranteed Investment Certificate	April 13, 2021	2.25%	45,000
Guaranteed Investment Certificate	March 12, 2023	3.08%	10,000
Guaranteed Investment Certificate	March 12, 2023	3.08%	30,000
Guaranteed Investment Certificate	April 18, 2023	3.14%	35,000
Guaranteed Investment Certificate	May 31, 2023	3.31%	<u>20,000</u>
			<u>140,000</u>
			<u>\$ 240,000</u>

Prior year long-term investments included Guaranteed Investment Certificates totaling \$348,250 in the Bursary and Operating Funds due between June 2020 and July 2020 and \$190,000 in the KWSC Trust Fund due between February 2021 and May 2023.

Kitchener-Waterloo Skating Club Notes to Financial Statements

March 31, 2020

7. Tangible Capital Assets

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment and software	\$ 100,426	\$ 95,856	\$ 96,174	\$ 94,808
Fitness equipment	118,209	111,754	118,209	110,140
Office furniture and equipment	154,119	143,938	154,119	141,394
Leasehold improvements	53,543	50,196	51,610	49,898
Facility equipment	50,593	6,324	50,593	1,264
	\$ 476,890	\$ 408,068	\$ 470,705	\$ 397,504
Net book value		\$ 68,822		\$ 73,201

8. Accounts Payable and Accrued Liabilities

Included in accounts payable are government remittances of \$9,739 (2019 - \$12,875).

9. Due to Eligible Skaters

This amount relates to refunds payable to skaters for programs that were cancelled due to the COVID-19 pandemic.

Kitchener-Waterloo Skating Club Notes to Financial Statements

March 31, 2020

10. Interfund Transfers

During the year, the Board approved the following transfers:

	Operating Fund	Strategic Initiatives Fund	KWSC Trust Fund
Allocation from KWSC Trust Fund to Operating Fund	\$ 160,000	\$ -	\$ (160,000)
Allocation from Operating Fund to Strategic Initiatives Fund	(26,330)	26,330	-
	\$ 133,670	\$ 26,330	\$ (160,000)

11. Grants and Donations

During the year, the organization received grants from the City of Kitchener in the amount of \$16,422 (2019 - \$16,422) and the City of Waterloo in the amount of \$9,000 (2019 - \$9,000).

12. Commitments

The organization has an operating lease for its premises under a lease expiring in December 2022. The lease requires 3,500 hours of annual ice rental at Carolyn Fedy Skating Centre and includes rent for the athletic centre.

The minimum annual lease payments for the next three years are as follows:

2020/2021	\$	460,067	
2021/2022		483,071	
2022/2023		366,668	(January to March 2023 not included)
	\$	1,309,806	

Kitchener-Waterloo Skating Club Notes to Financial Statements

March 31, 2020

13. Income Taxes

The organization is subject to income taxes on investment income in excess of \$2,000 and is required to file a T3 Trust Income Tax return for the fiscal period ending December 31. A provision for the tax payable has been accrued in the financial statements.

14. Comparative Amounts

Certain comparative amounts have been reclassified to conform to the presentation adopted for the current year.

15. Financial Instruments

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments which potentially subject the organization to concentrations of credit risk consist of cash, accounts receivable and short and long-term investments. The short and long-term investments are described in Notes 3 and 6, respectively. The organization has deposited the cash and investments with reputable financial institutions, from which management believes the risk of loss to be remote. The credit risk associated with accounts receivable is minimal as receivables relate to grant funding received after the year end and accrued interest on investments. This risk may be affected by the uncertainty created by the COVID-19 pandemic.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed income denominated investments. This risk may be affected by the uncertainty created by the COVID-19 pandemic.

Kitchener-Waterloo Skating Club Notes to Financial Statements

March 31, 2020

16. Uncertainty Related to COVID-19

Subsequent to year-end, the impact of COVID-19 on the Canadian economy increased significantly. The global pandemic has disrupted economic activities and although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time. As required by Local Public Health, the organization closed its operations on March 20, 2020. The organization has been able to defer lease payments to the City and obtain Federal wage subsidies. Select programs have resumed in July 2020 following local health and city protocols. Subsequent to year end, the organization received the \$40,000 Canada Emergency Business Account loan.

Kitchener-Waterloo Skating Club Schedule of Administration Expenses

For the year ended March 31				2020	2019
	Strategic Initiatives Fund	Operating Fund	KWSC Trust Fund	Total	Total
Advertising and promotion	\$ 3,020	\$ 3,980	\$ -	\$ 7,000	\$ 6,676
Amortization	-	10,564	-	10,564	6,981
Computer maintenance	-	13,949	-	13,949	13,267
Insurance	-	2,901	-	2,901	3,227
Online licensing fee	-	11,335	-	11,335	11,254
Printing, stationery and office supplies	-	6,517	-	6,517	4,458
Professional fees	-	41,694	952	42,646	76,012
Salaries and benefits	951	270,023	-	270,974	264,263
Telephone	-	5,541	-	5,541	5,182
Travel and meetings	-	3,377	-	3,377	3,553
	\$ 3,971	\$ 369,881	\$ 952	\$ 374,804	\$ 394,873

The accompanying notes are an integral part of these financial statements.